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## Agenda Item 3b

June 13, 2011

### TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. **SUBJECT:** Investment Policies
- II. **PROGRAM:** Total Fund
- III. **RECOMMENDATION:** Revision of the Policy on Liquidity Program
- IV. **ANALYSIS:**

In April 2011, policy changes were proposed to reflect the recent asset allocation targets and ranges approved by the Committee in December 2010. The proposed Liquidity Program Policy was approved and the policy was adopted by the Committee in May 2011. Inadvertently, the policy did not reflect all of the updated targets and ranges for the program. Specifically, it excused a target and range for Nominal 10 year + Treasuries. A revision has been made to include updated targets and ranges for U.S. Treasury Maturities in Attachment A, section III.A.9. The policy now encompasses all of the updated targets and ranges for the Liquidity Program to be effective July 1, 2011.

### V. STRATEGIC PLAN:

- VIII. Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.
- IX. Achieve long-term, sustainable, risk adjusted returns.

### VI. RESULTS/COSTS:

The results of this item will provide CalPERS with the enhanced efficiencies and ability to manage the overall portfolio. The policies will provide a foundation for compliance, accountability, and transparency.

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